EXHIBIT 1

The New York Times

News Corporation Sells MySpace for $35 Million

By Brian Stelter June 29, 2011 2:31 pm

8:14 p.m. | Updated MySpace, the long-suffering Web site that the News Corporation bought six years ago for $580 million, was sold Wednesday to the advertising network Specific Media for roughly $35 million.

The News Corporation, which is controlled by Rupert Murdoch, had been trying since last winter to rid itself of the unprofitable unit, which was a casualty of changing tastes and may be a cautionary tale for social companies like Zynga and LinkedIn that are currently enjoying sky-high valuations.

Relief over the sale was palpable on Wednesday, and not just at the News Corporation. Wall Street "just wanted it done, because it's been a real drag on growth," said Michael Nathanson, a media sector analyst for Nomura Securities.

Terms of the deal were not disclosed, but the News Corporation said that it would retain a minority stake. Specific Media said it had brought on board the artist Justin Timberlake as a part owner and an active player in MySpace's future, but said little else about how the site would change.

The sale closes a complex chapter in the history of the Internet and of the News Corporation, which was widely envied by other media companies when it acquired MySpace in 2005. At that time, MySpace was the world's fastest-growing social network, with 20 million unique visitors each month in the United States. That figure

soon soared to 70 million, but the network could not keep pace with Facebook, which overtook MySpace two years ago.

As users fled MySpace, so, too, did advertisers. The market research firm eMarketer estimates that the site will earn about $183 million in worldwide ad revenue this year, down from $605 million at its peak, when the site introduced many Web users and many advertisers to the concept of social networking.

“It’s a shame that MySpace’s value has diminished so severely since the acquisition; MySpace’s pioneering of social networking (now referred to as social media) will always be revered as igniting a new medium,” Richard Rosenblatt, the chairman of MySpace at the time of the sale to the News Corporation, said in an e-mail.

Instead of envy, the News Corporation’s bet on MySpace now provokes punch lines. Tom Freston, who was fired as the chief executive of Viacom in part for failing to buy MySpace, joked in an interview with CNBC earlier this year that “I’m still waiting for a thank-you note” from the Viacom chairman, Sumner M. Redstone.

Mr. Freston, who was in Iceland on Wednesday and said he was smiling at the news of an impending MySpace sale, declined to comment.

News Corporation executives declined interview requests on Wednesday.

It is not clear whether MySpace itself was profitable for the company. The division that houses MySpace and other digital properties has turned a profit only once in the last six years. An advertising deal with Google helped the company to recoup what it spent on MySpace in the first place, but the site became a burden on the company’s earnings; by last year executives were calling the losses unacceptable. Mr. Nathanson called the site a “headache.”

What doomed the site? Lee Brenner, the former director of MySpace’s Impact section who is now the publisher of HyperVocal, wrote in a blog post Tuesday, “I’m sure most employees (former or current) will argue that it was poor management, or a need to hit revenue targets once News Corp. took over, or a bottleneck in the technology department, or lack of resources given to their division, or a poor public relations effort, etc., that set the course of MySpace’s downfall.

"Any number of these could be true," he continued. "I suppose we'll never know for sure. It is most likely a combination of these factors, along with a 'low attention span' public. It probably didn't help to be doing business, and trying to grow, along with all of these issues, in the midst of a global economic crisis."

MySpace has tried to reboot itself several times, most recently as a social destination for music, movies and other media. It has not been abandoned altogether: it still has 35 million visitors a month in the United States, according to the measurement company comScore. Facebook has 157 million visitors a month in the United States.

"It's still one of the biggest pockets of traffic on the Internet, for the price," said a former MySpace executive who insisted on anonymity to maintain friendships and business relationships with the News Corporation.

Mr. Timberlake said in a statement about the sale that MySpace still had the potential to be the place on the Web where "fans can go to interact with their favorite entertainers, listen to music, watch videos, share and discover cool stuff and just connect."

Many of the current and former MySpace users who reacted to Wednesday's sale thought differently. Many compared MySpace to Friendster, a social network that was left for dead years ago.

In preparation for the change in ownership, many of MySpace's roughly 400 employees were dismissed on Wednesday. Mike Jones, the Web site's chief executive, said in an internal memorandum that he would depart in the next two months.

"Today should be a day," Sean Percival, a vice president at MySpace, wrote on Twitter Wednesday morning, before the sale announcement.

He followed up later in the day, telling his online followers that Wednesday would be his last day at the company. Seemingly referring to the site's rise and fall, he wrote: "It was a unique moment in time and an impossible problem to solve. Was proud to be a part of it."

© 2017 The New York Times Company